



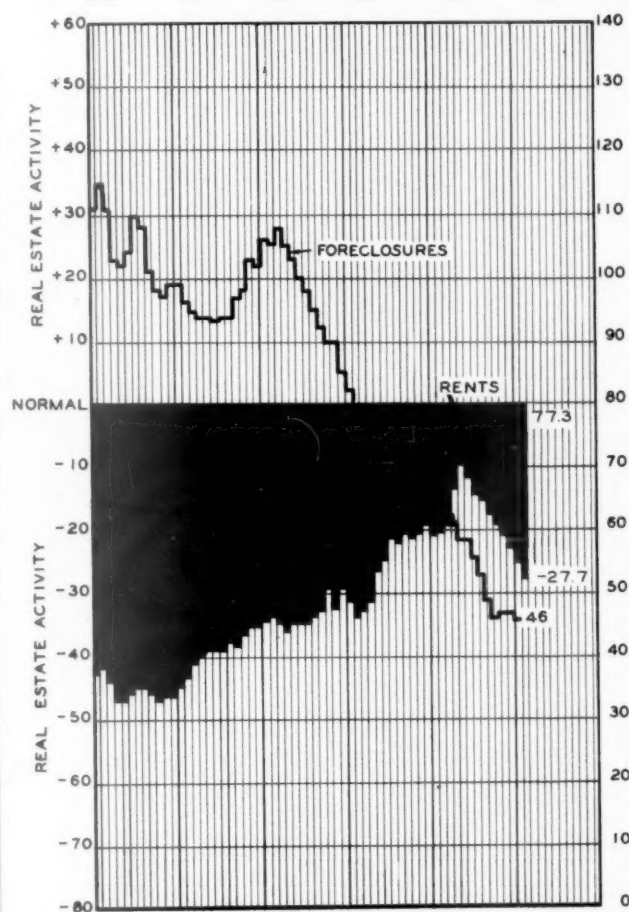
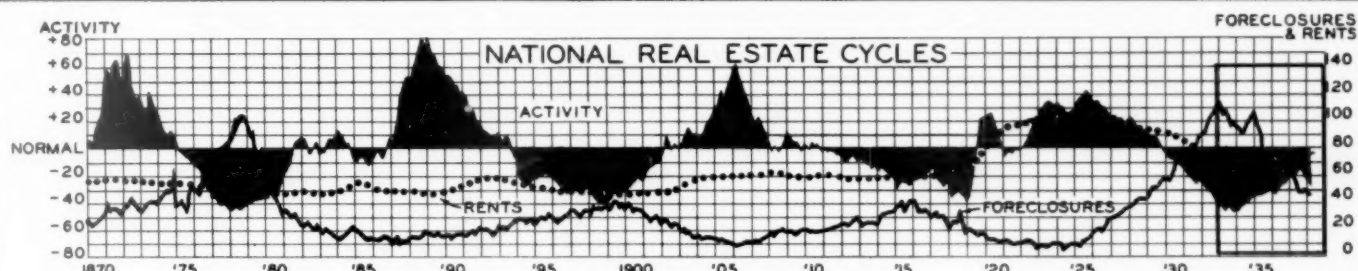
The Real Estate ANALYST

MARCH
1938

Roy Wenzlick
Editor

A concise easily digested monthly analysis based upon scientific research in real estate fundamentals and trends...Constantly measuring and reporting the basic economic factors responsible for changes in trends and values...Current Studies...Surveys...Forecasts

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Real Estate Economists, Appraisers and Counselors



THE chart above shows the booms and depressions in real estate from 1870 to the present, the big black areas above the line representing the real estate booms and the black areas below the line representing the depressions. The level of residential rents is charted, not as a percentage above or below a normal line, but as an index (1926=100) from the bottom of the chart and is read on the right hand scale, as is the index of the number of foreclosures per month per 100,000 families. The chart to the left is the last six years of the upper chart enlarged to show monthly fluctuations.

By far the most significant factor during the month was the continued rapid increase in building permits in the face of the uncertainties in the security markets. This increase in building permits is charted on the back page of this report. If it continues it will bring a more lasting business recovery than any of the spasmodic jumps we have had since 1932.

Real estate sales continued their decline during the month in sympathy with the uncertainties in other investment fields. The number of foreclosures per month per 100,000 families in urban communities continued to decline and reached the lowest level since the stock market collapse in 1929. Our national index of residential rents advanced by a fraction of a point from 77.1% to 77.3% of the 1926 level. As construction costs fall, the relationship of replacement costs to values is becoming more favorable to building.

RECOVERY AND NEW BUILDING

RECOVERY rests squarely on new building at the present time. If building goes ahead as a result of the new FHA financing plan, general recovery will be resumed on a more solid basis than the recovery we have had since 1933. If, however, the drop in the stock market and the general uncertainty in the present national and international situation act as a major deterrent to building, we have not yet seen the depth of this New Deal depression.

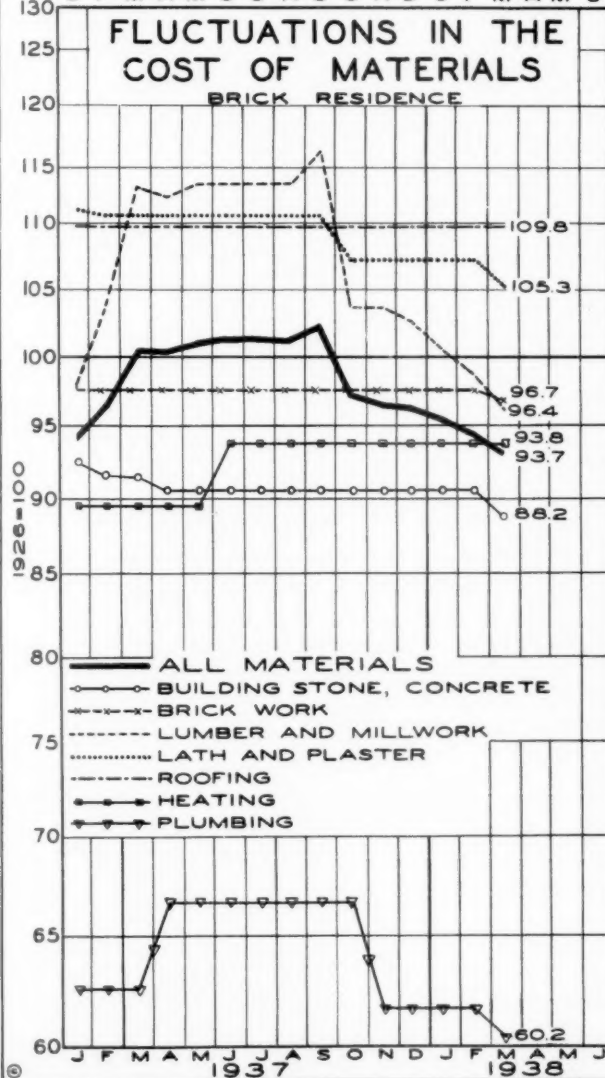
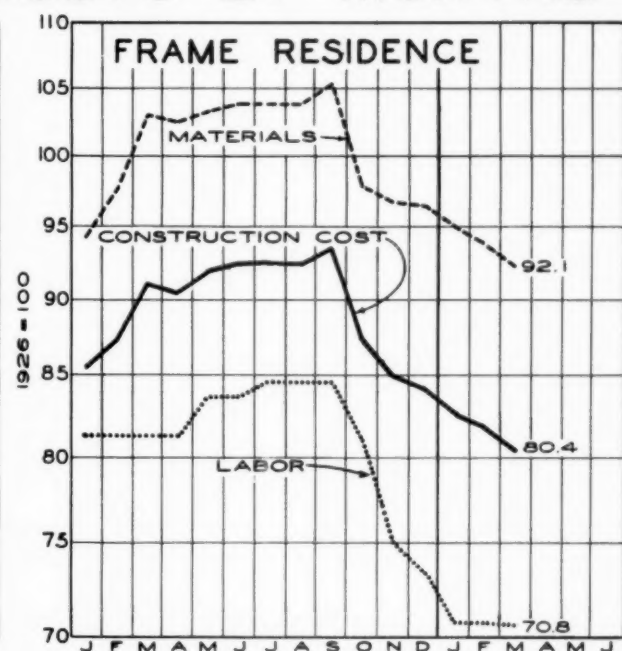
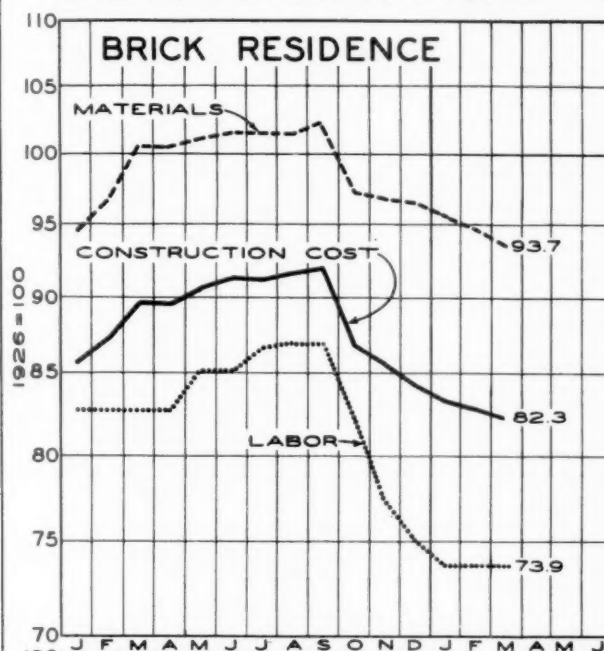
The year has started very nicely for new building, as can be seen from the figures and the charts on the back page of this report. On pages 910 and 911 we have broken down all types of residential building by sizes of cities. From a study of the chart on page 910 it would appear that new building is going forward at the most rapid rate in cities of from 2500 to 5000 people. The chart on page 911, however, shows that practically all of this building in the smaller cities is being done in cities which are parts of larger metropolitan areas. In March of 1937, for instance, in cities having a population of from 2500 to 5000 people, those cities not parts of metropolitan areas were averaging 16.3 new family accommodations per month per 10,000 families; while those cities which are parts of metropolitan areas were averaging 32.5 new family accommodations, or a rate almost double that of the isolated city. The same thing held true for practically all places of less than 25,000 population. These charts clearly prove that the gravitational pull of the larger cities is not lessening. It is true that they may be dying at the center (they all have their blighted area problem), but they are continuing to grow at the edges at the expense of the rural communities and the smaller towns.

The chart at the bottom of page 905 shows a comparison of new residential building in the United States in various sized cities for 1936 and 1937. In 1937 new family accommodations built in cities exceeded those built in 1936 by 9.6%. On the basis of the charts shown on these pages it is possible to estimate the number of new family accommodations built in all urban areas of the United States for 1936 and 1937. This was done for 1936 on page 716 of the April, 1937, Real Estate Analyst. The final estimate at that time for the building in 1936 was 228,260 new family accommodations. On a similar basis, our estimate for the number of new family accommodations in 1937 was 250,100--an increase of 21,840 family accommodations over the preceding year.

Watch new building during the next few months. It is our only anchor to the windward. If it gives way, prepare for further inflationary measures on the part of the Administration to combat the continued deflation which would otherwise take place. Unfortunately, stronger and stronger inflationary measures will be needed to secure results since we have built up some immunity from the many treatments we have been given since 1929.



CONSTRUCTION COSTS BY MONTHS

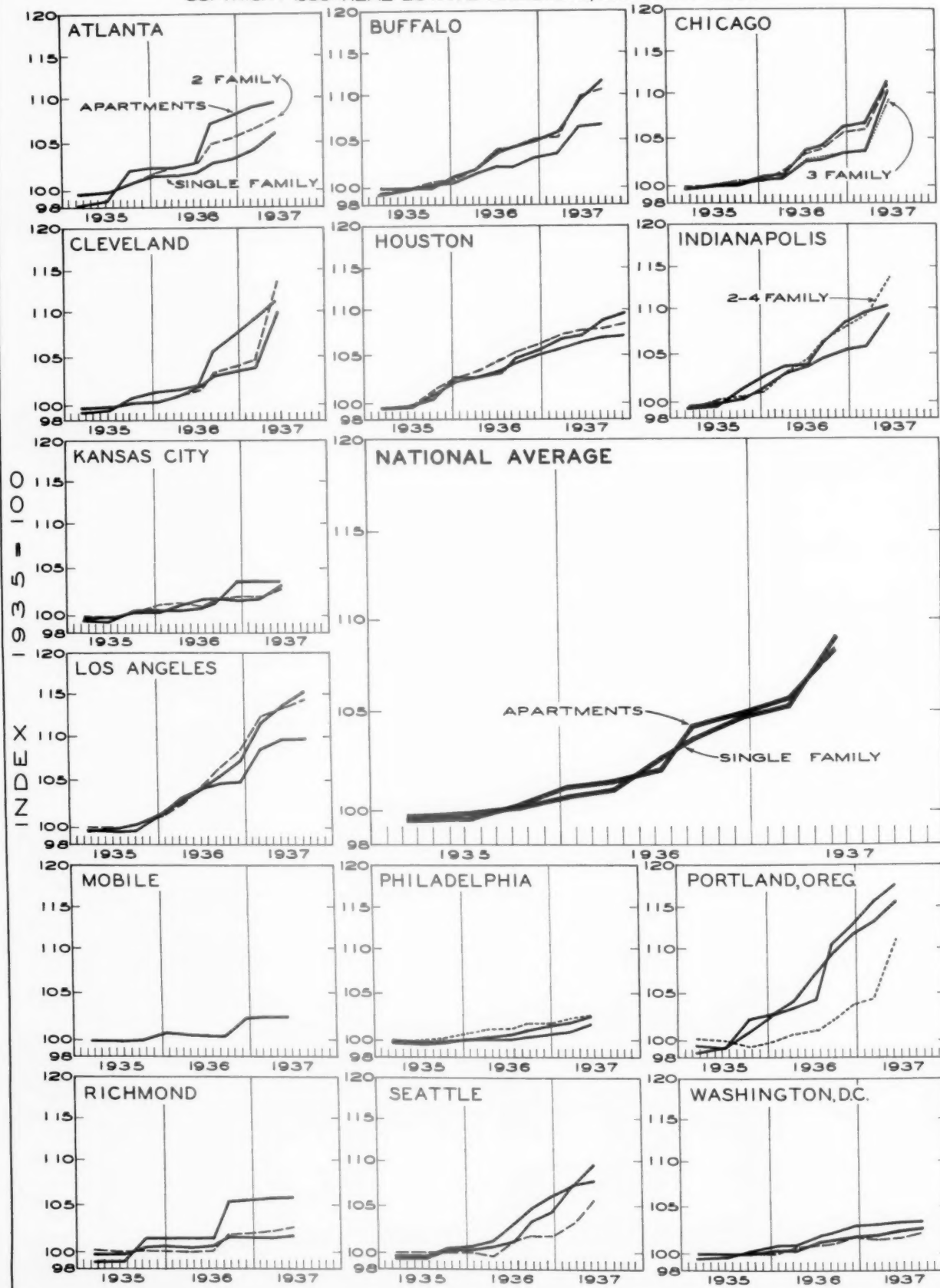


IN an effort to find out how rapidly actual construction costs have been changing in the last few months we have refigured for St. Louis for each of the past fifteen months the brick and frame buildings illustrated in our December, 1937, report. Our figures as charted on this page include all items of material, labor and overhead, even including the cost of permits and the profits of the subcontractors and the contractor. The cost of materials was secured item by item from the actual delivered prices on the job, and the labor costs were computed from wages actually paid rather than from some theoretical wage rate. The rapid drop in costs which started in September of last year continued through March, and has extended to all parts of the United States. It will be noticed that the decline this last month was due in a far greater degree to a drop in the prices of materials than to a drop in labor costs.

RESIDENTIAL RENTS

BUREAU OF LABOR
STATISTICS INDEX

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NEW GOVERNMENT RENT INDEX

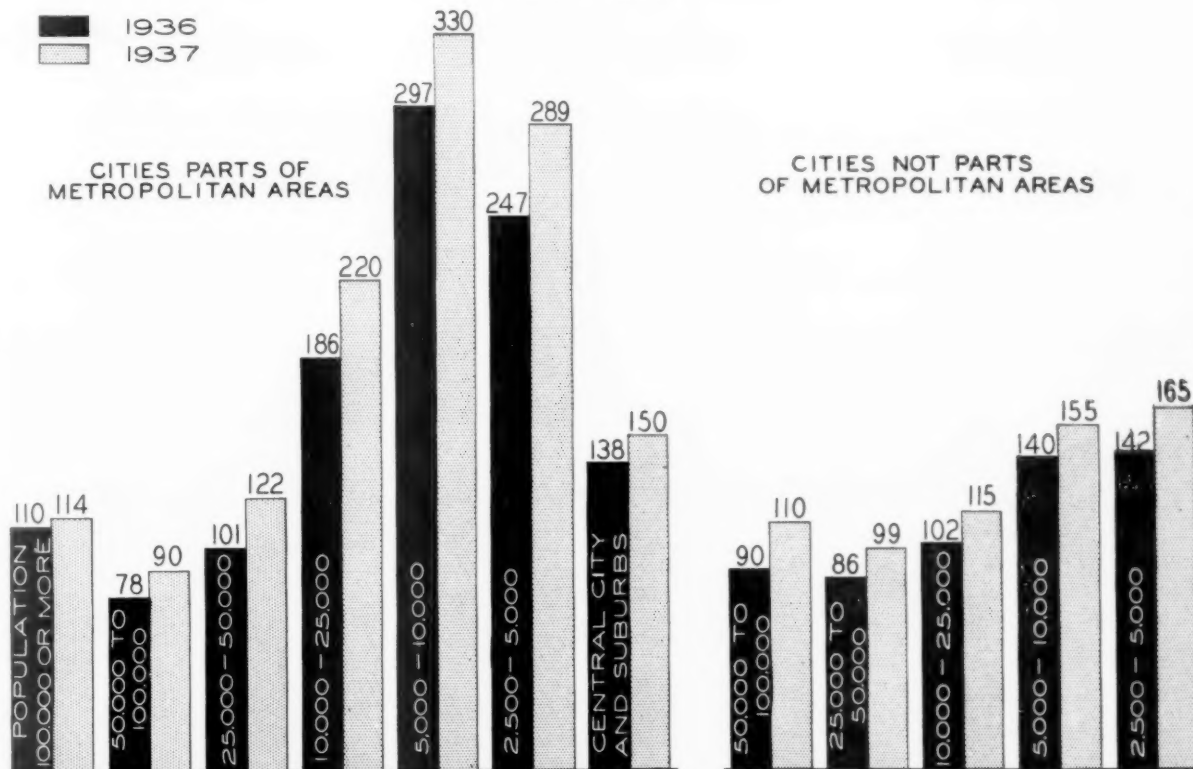
On the page opposite we have charted for fourteen cities and for the United States the new rent index being developed by the Retail Price Division of the Bureau of Labor Statistics. This index is not the same as the index published for many years on the rent of quarters occupied by the lower income group. The Bureau is working at the present time on eighteen additional cities. This material will be published in the Real Estate Analyst as soon as it is available.

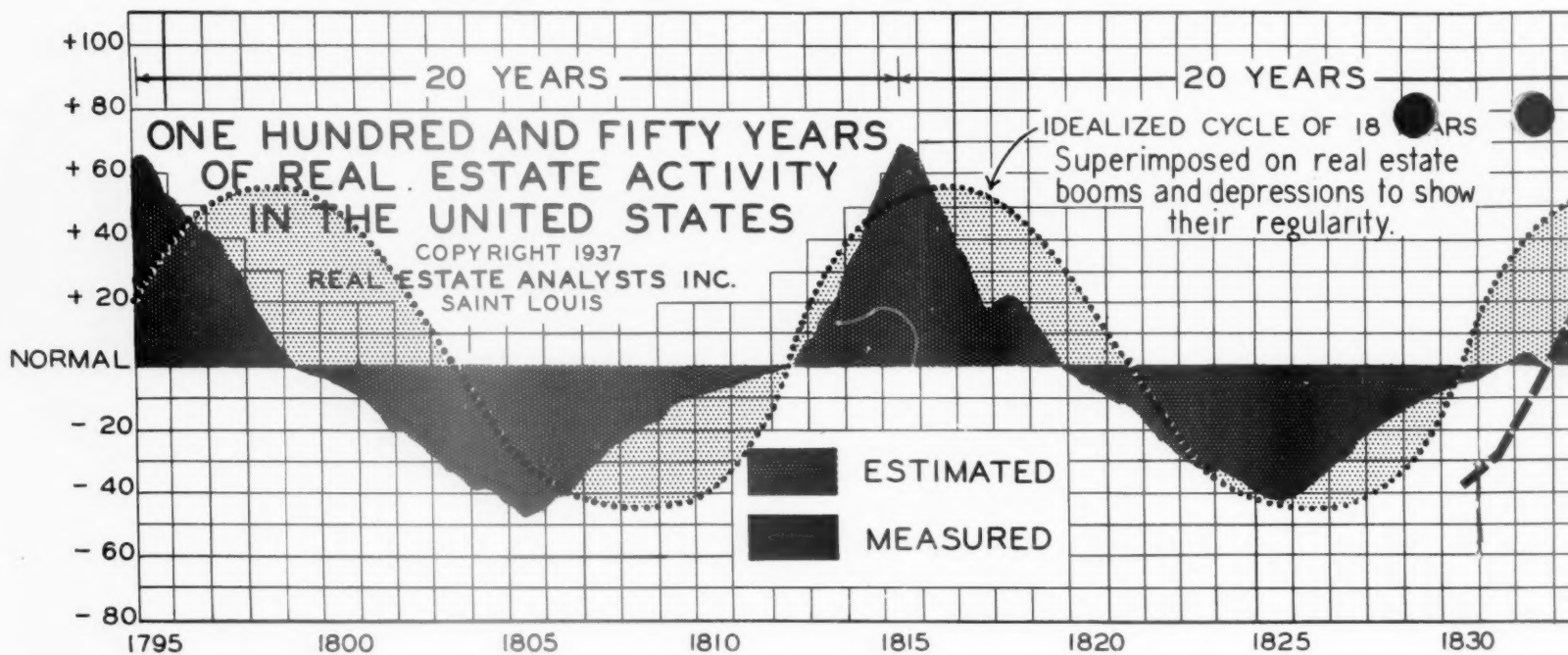
It will be noticed that all cities are not completed to the same date. Unfortunately, the Bureau of Labor Statistics index will not be available monthly and quite frequently will be three to six months in arrears on various cities. Rents of single family residences are shown by the solid black line; of two family accommodations, by the long dashed line. The short dashed line indicates rents on groupings of from two to four family accommodations; the dotted line, rents on three family accommodations. The red line in each case indicates the rents on heated apartment space.

The rent index computed by Real Estate Analysts, Inc., each month on twenty-six metropolitan cities of the United States is shown on page 913.

NUMBER OF NEW FAMILY ACCOMMODATIONS BUILT IN 1936 AND 1937 PER 10,000 FAMILIES

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EXPLANATION OF CHARTS

REAL ESTATE BOOMS AND DEPRESSIONS The black areas on the top chart show measured real estate booms and depressions from 1870 to the present in principal urban areas. From 1795 to 1870 real estate booms and depressions have been estimated from incomplete data.

MORTGAGE FORECLOSURE RATE The solid red line on the upper chart shows the fluctuations in the number of urban foreclosures per month for each 100,000 families.

RATE OF NEW BUILDING The broken red line on the upper chart shows the index prepared by John R. Riggleman on the volume of new building per capita in the United States from 1830 to the present. It will be noticed that this line duplicates rather closely the outline of the real estate booms and depressions.

MORTGAGE INTEREST RATES The black line on the upper chart shows the fluctuations in average interest rates on real estate mortgages. These rates have varied materially in different sections of the United States. In New York City, for instance, rates during the period prior to 1880 did not go above seven per cent, but in many other parts of the country higher rates were the rule. In New York City at the present time interest rates are lower than they are in many other parts of the country.

RESIDENTIAL RENTS The black lines in residential rents. We believe in the period prior to 1880 and the intervening years is based on the fact that rents will probably be subject to considerable fluctuations.

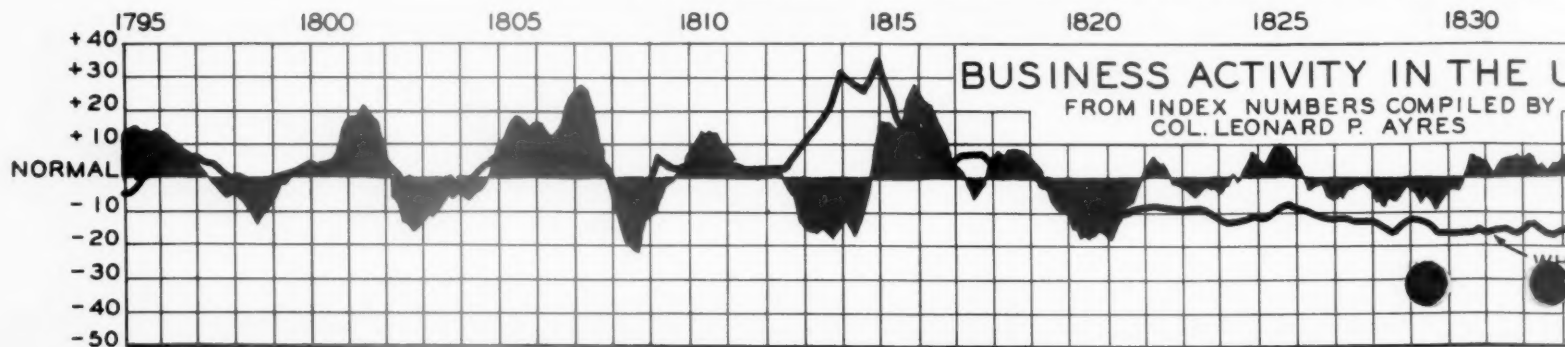
BUILDING MATERIAL PRICES The black lines show the fluctuations of wholesale building material prices. As a general rule, building material prices increase during booms and decrease during depressions.

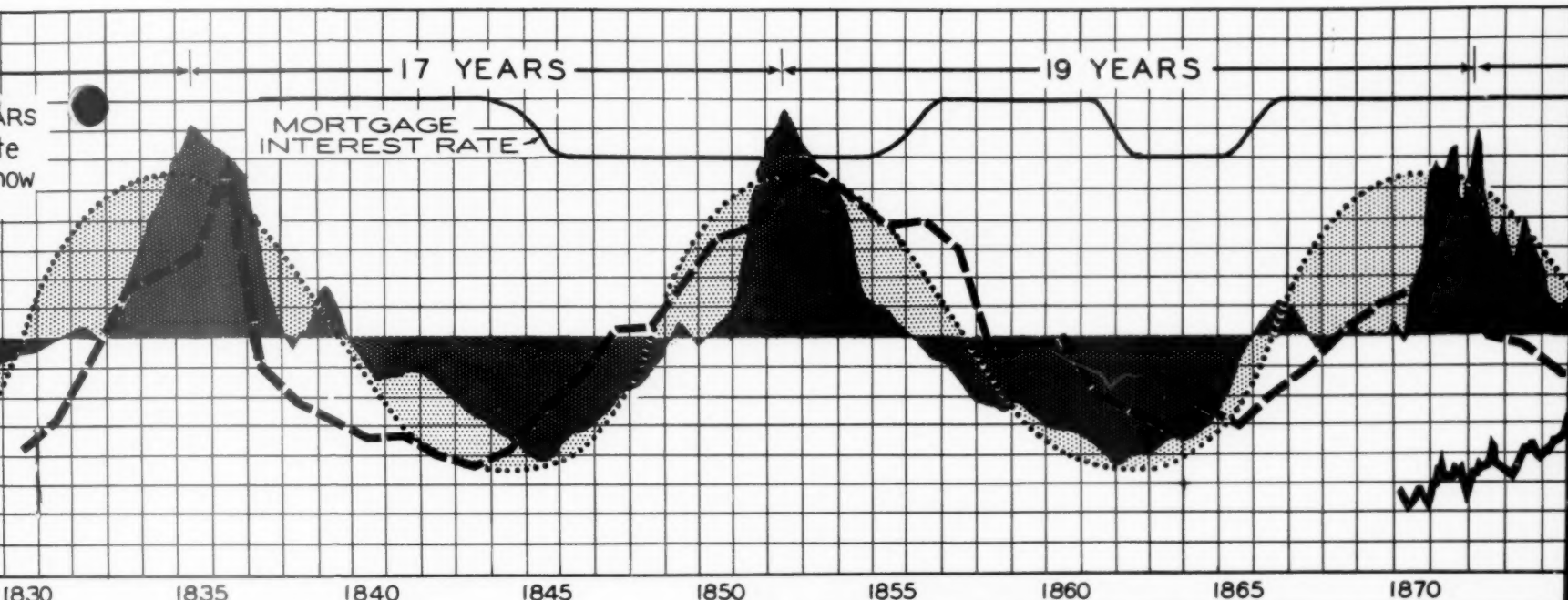
GENERAL BUSINESS BOOMS AND DEPRESSIONS The lower chart shows general business booms and depressions in the United States by Leonard P. Ayres. This chart is drawn to the same scale as the real estate chart, to emphasize the fact that the general business moves in a far more extreme cycle than the real estate cycle. It will be noticed that there is very little correlation between the two cycles, while the real estate cycle is very regular.

WHOLESALE COMMODITY PRICES The black lines show the fluctuations in wholesale commodity prices. These prices are also subject to considerable fluctuations, but they are not as regular as the real estate cycle.

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RTS
 The black line on the middle chart shows fluctuations. We believe that this index is quite accurate from 1880 and the period from 1900 on. The charting of is based on an insufficient number of cities and to considerable correction.

ICES The red line shows the monthly fluctuations material prices. It will be noticed that, as a material price increases preceded rental in-

OMS AND DEPRESSIONS The black areas on the real business booms and depressions as charted for Leonard P. Ayres of the Cleveland Trust Company. to the same scale as the upper chart showing real to emphasize the fact that real estate normally extreme cycle than general business. It will be very little regularity in the general business estate cycle has been quite regular.

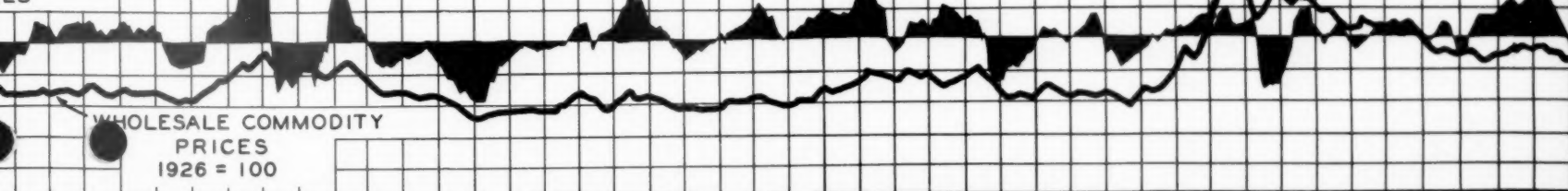
Y PRICES The red line on the lower chart shows wholesale prices of a long list of commodities.

NSLORS

1830 1835 1840 1845

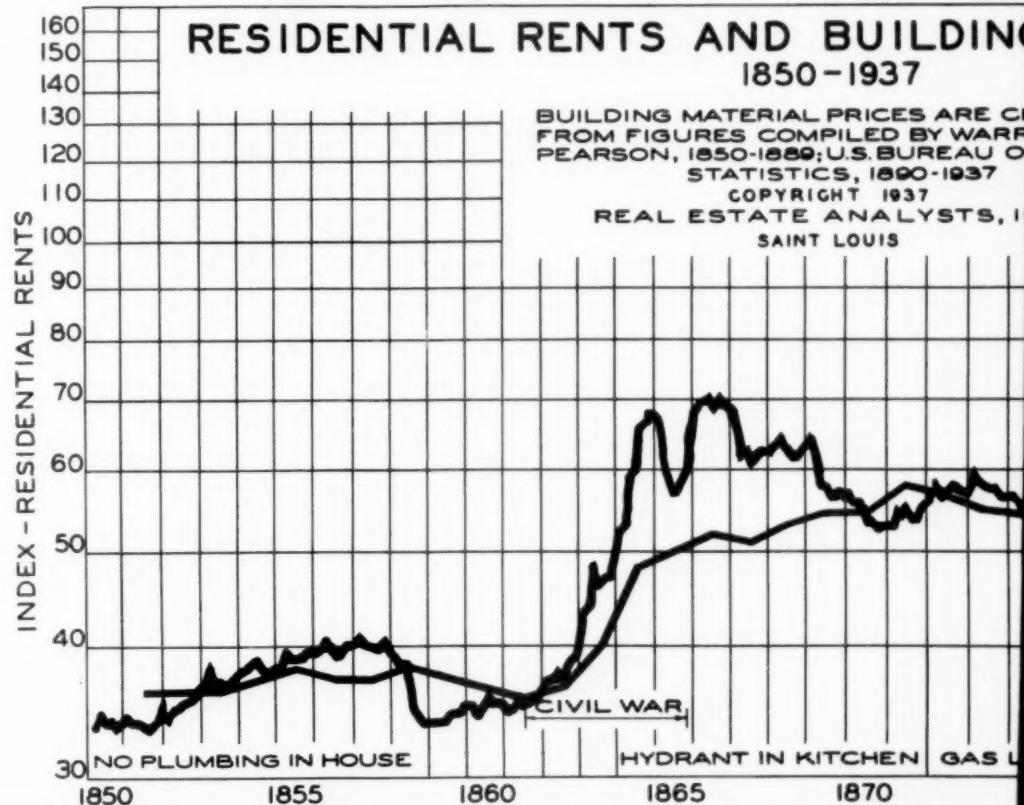
THE UNITED STATES

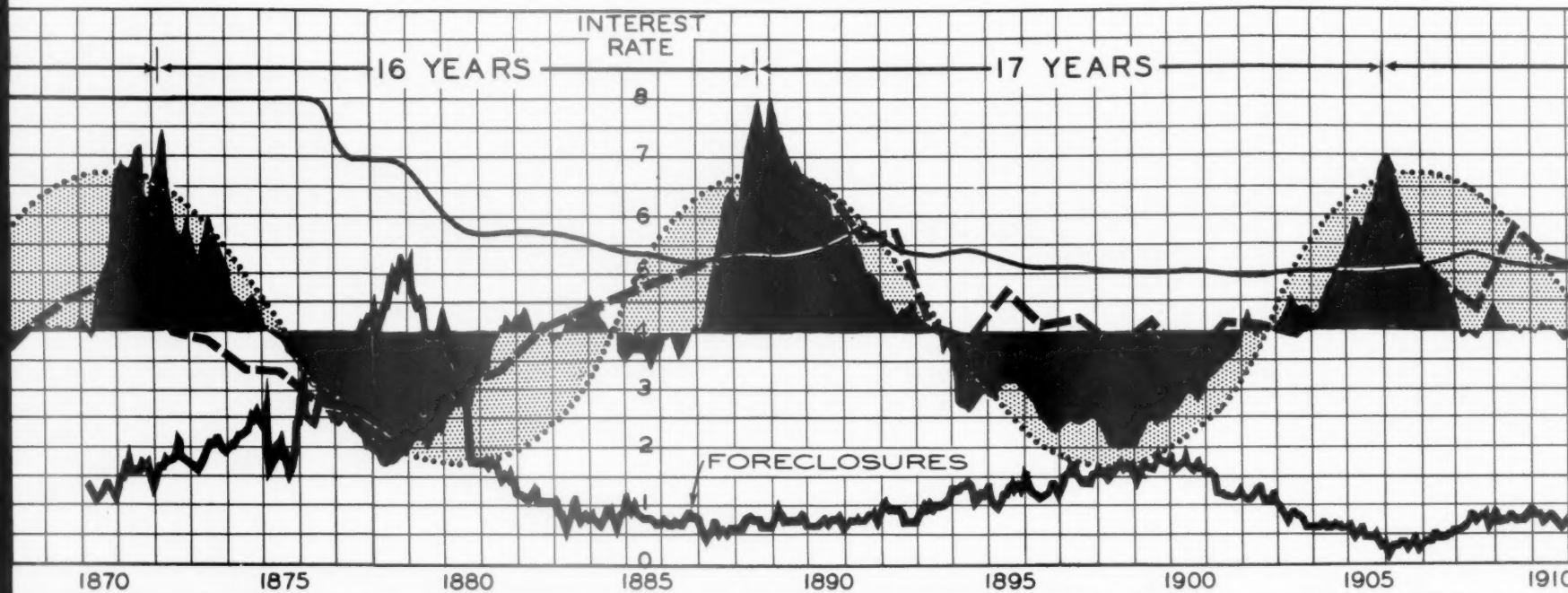
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RESIDENTIAL RENTS AND BUILDING 1850-1937

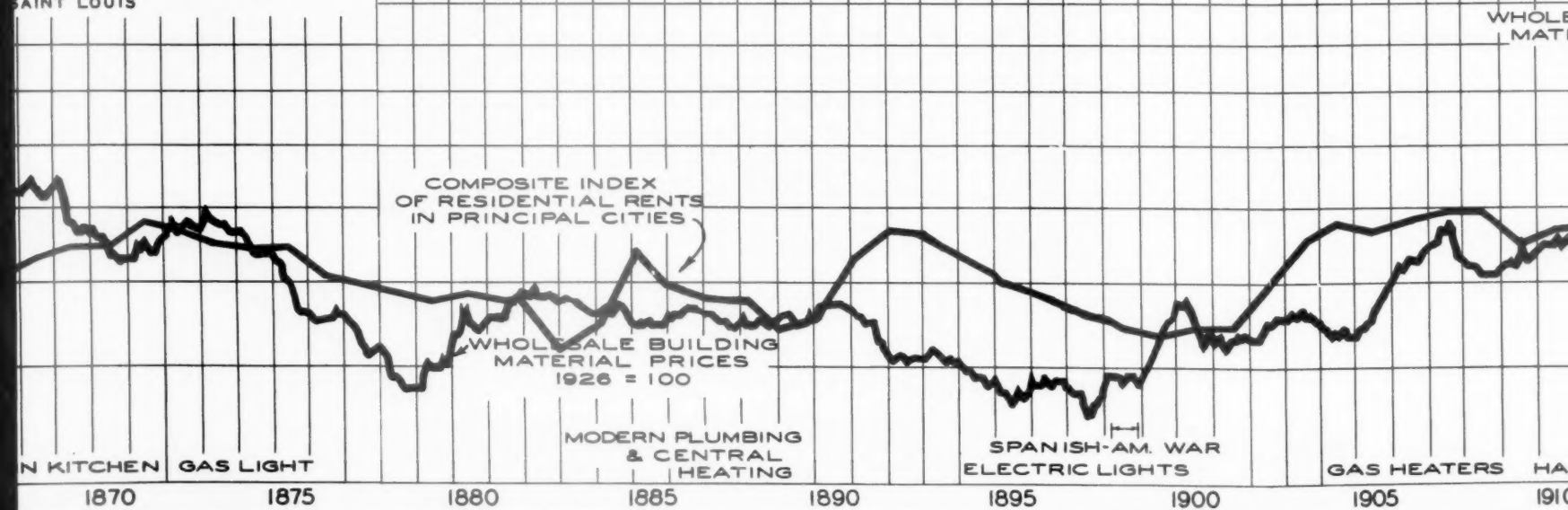
BUILDING MATERIAL PRICES ARE CH FROM FIGURES COMPILED BY WARR PEARSON, 1850-1880; U.S. BUREAU OF STATISTICS, 1890-1937
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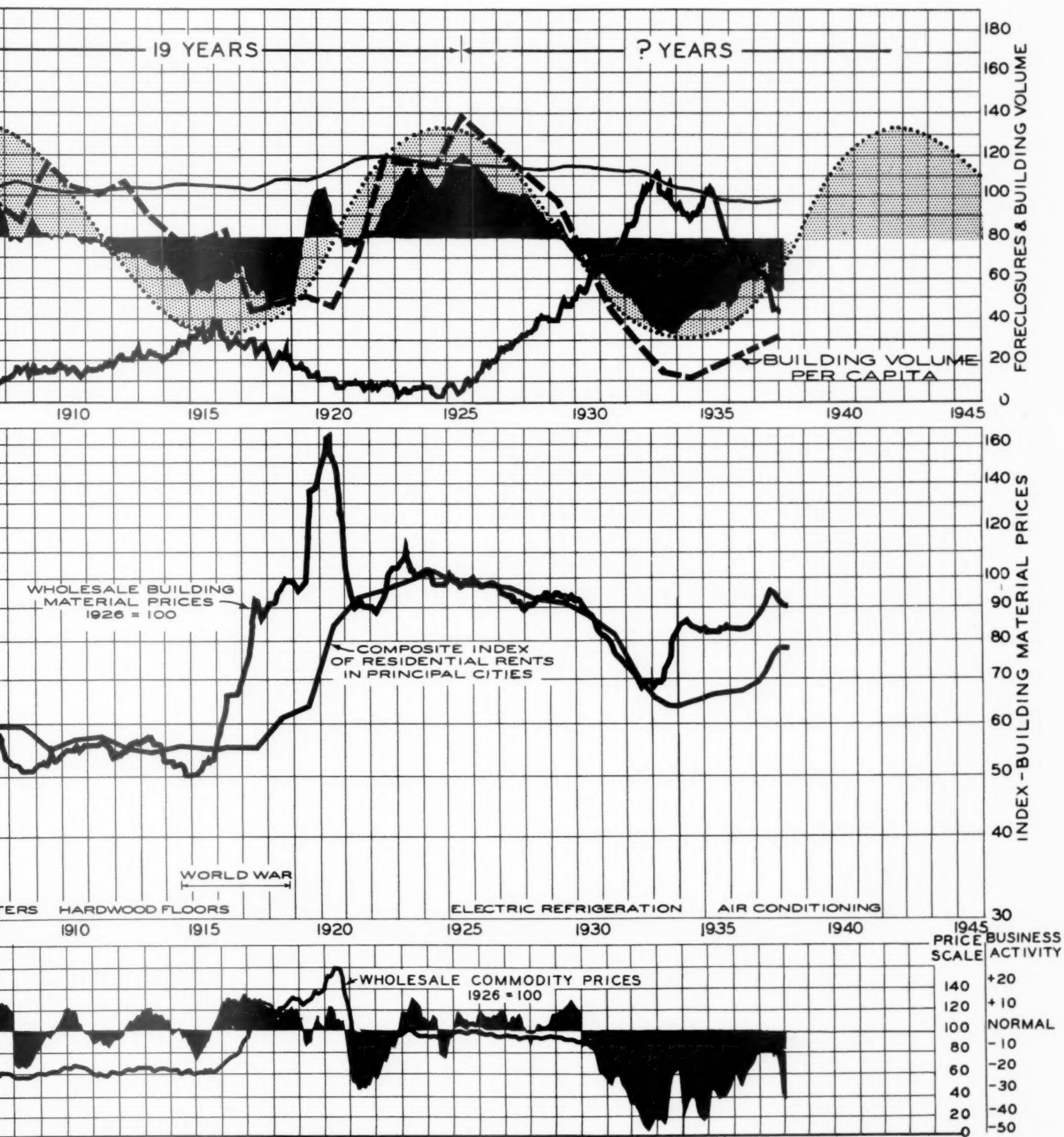




WHOLESALE BUILDING MATERIAL PRICES 1850-1937

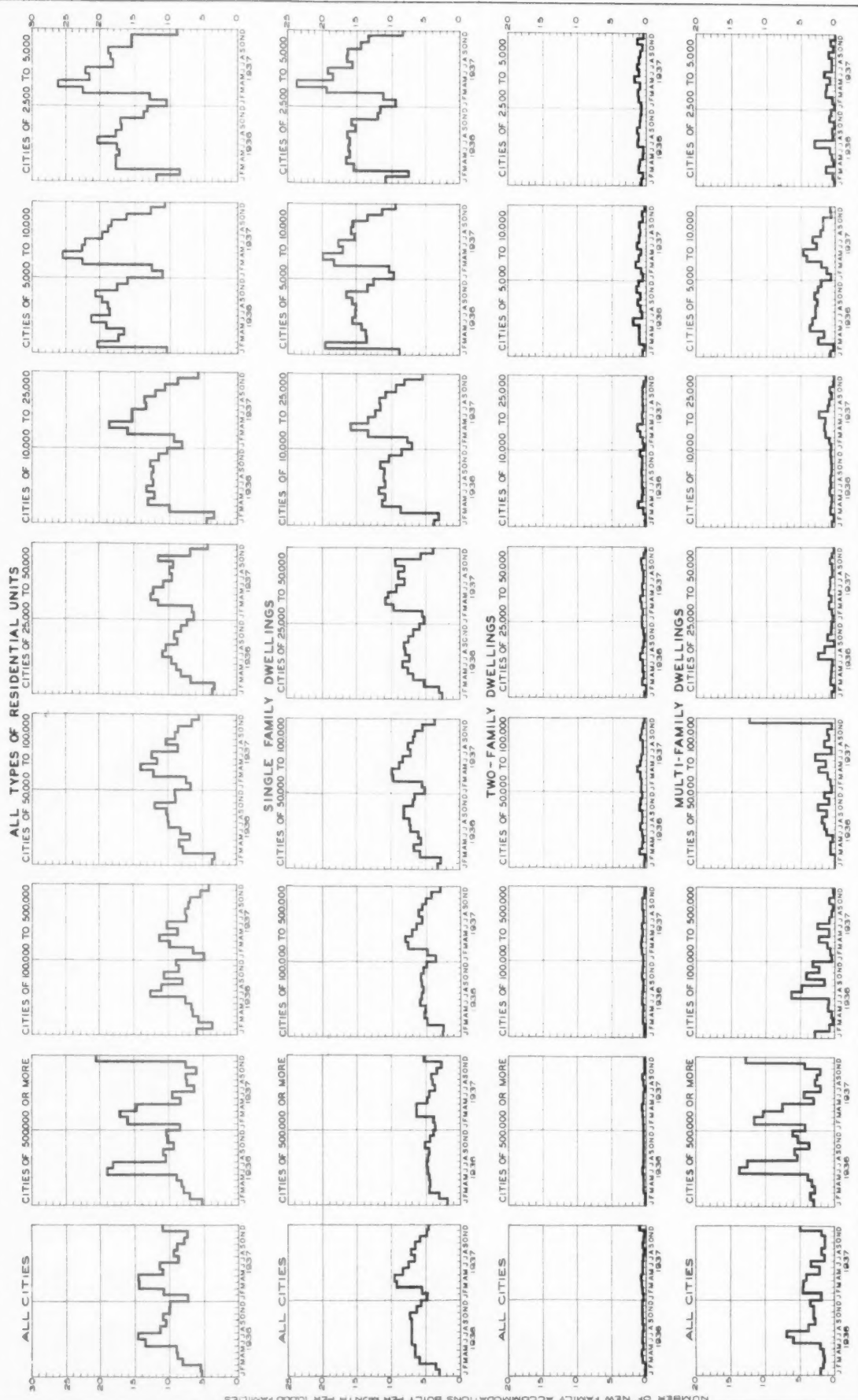
WHOLESALE BUILDING MATERIAL PRICES ARE CHARTED
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 1889; U.S. BUREAU OF LABOR
 STATISTICS, 1890-1937
 COPYRIGHT 1937
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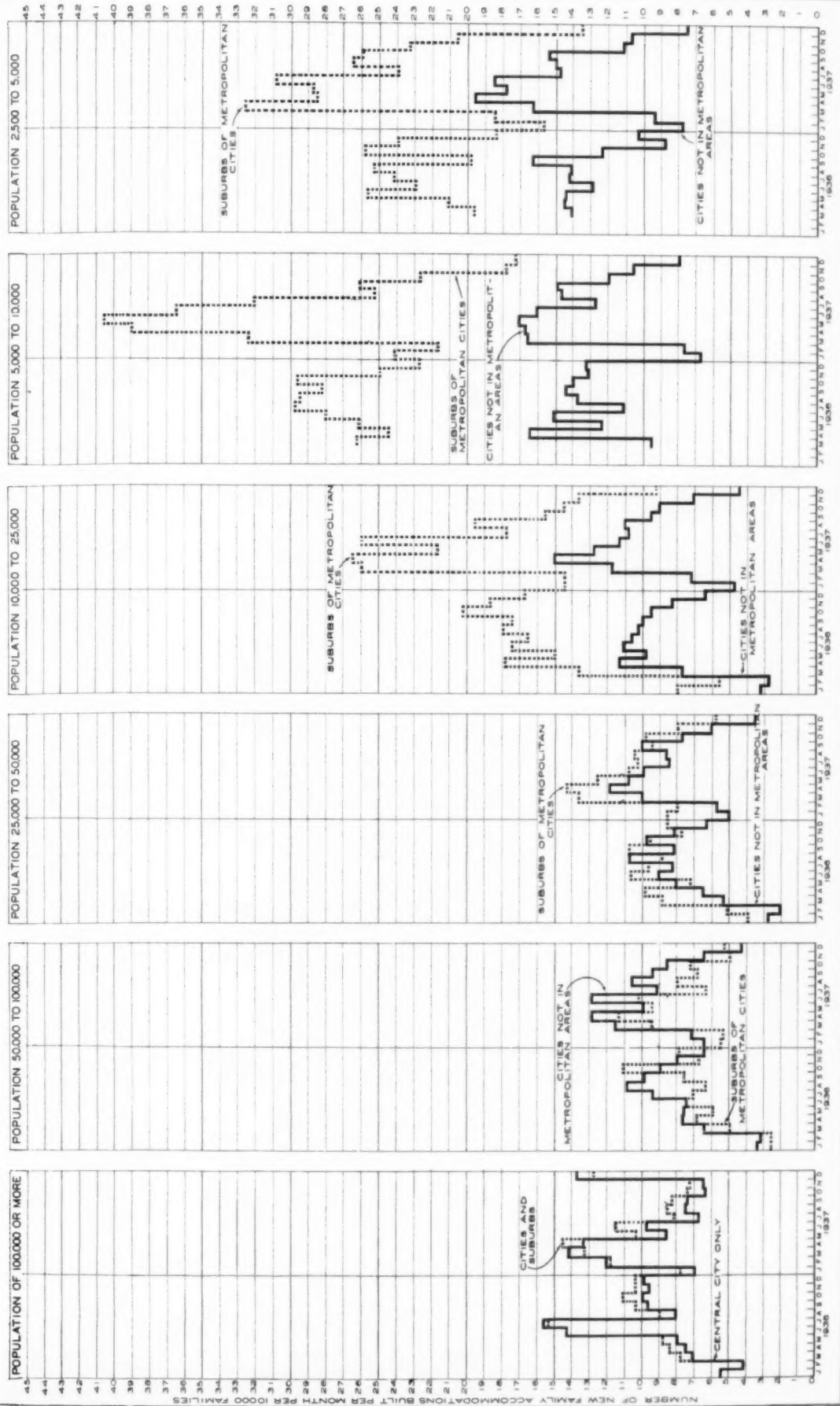
NEW RESIDENTIAL BUILDING CLASSIFIED BY SIZE OF CITY AND TYPE OF STRUCTURE

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NEW RESIDENTIAL BUILDING CLASSIFIED BY SIZE OF CITY AND TYPE OF CITY

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THE REAL ESTATE ANALYST INDEX OF RESIDENTIAL RENTS

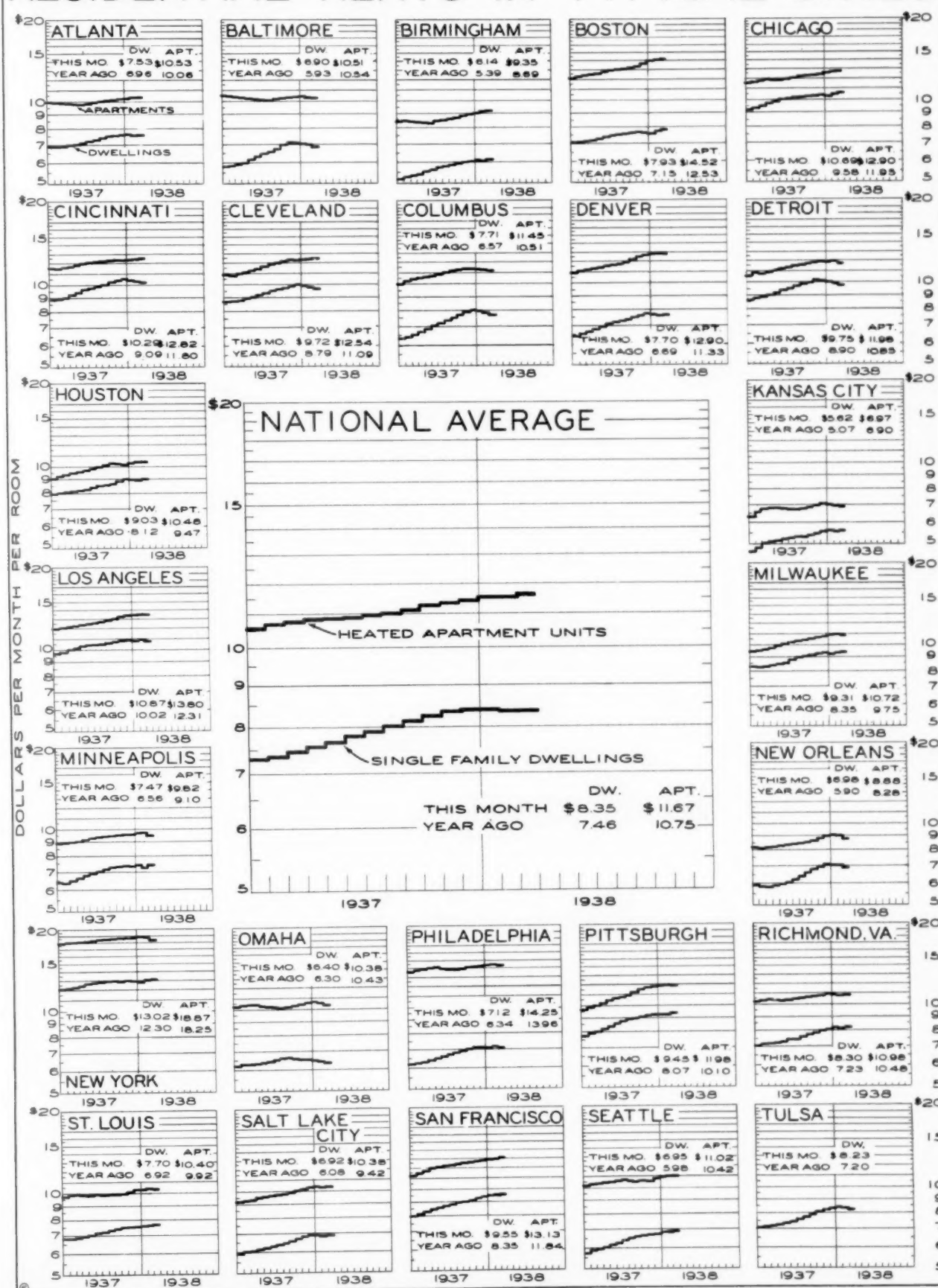
THE table below shows the residential rent figures charted by months on the page opposite. This is the revised index of residential rents which appeared in the Real Estate Analyst for the first time in the February issue. All rents are expressed in dollars per month per room. This makes possible a comparison of

rent levels between different cities, and in the same city between heated and unheated units. The twenty-six cities selected are typical cities scattered from coast to coast. The method of computing this index is described on page 889 in the February, 1938, Real Estate Analyst.

	1937												1938		
	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb. *Mar
National Index	\$7.26	\$7.31	\$7.36	\$7.46	\$7.55	\$7.67	\$7.80	\$7.90	\$8.04	\$8.12	\$8.23	\$8.33	\$8.36	\$8.36	\$8.35
Atlanta	6.96	6.92	6.93	6.96	7.03	7.07	7.14	7.20	7.31	7.43	7.52	7.56	7.58	7.60	7.56
Baltimore	5.84	5.85	5.87	5.93	6.03	6.20	6.37	6.48	6.60	6.77	7.02	7.18	7.15	7.10	6.98
Birmingham	5.16	5.20	5.32	5.39	5.47	5.54	5.62	5.73	5.81	5.88	5.93	6.02	6.07	6.08	6.14
Boston	7.10	7.13	7.14	7.15	7.18	7.30	7.41	7.52	7.57	7.63	7.67	7.70	7.68	7.65	7.91
Chicago	9.25	9.26	9.40	9.58	9.83	9.97	10.10	10.15	10.20	10.26	10.30	10.32	10.35	10.30	10.43
Cincinnati	8.88	8.91	8.97	9.09	9.30	9.48	9.68	9.82	9.92	10.03	10.18	10.34	10.51	10.42	10.34
Cleveland	8.70	8.75	8.75	8.79	8.91	9.08	9.25	9.37	9.52	9.68	9.80	9.94	10.01	9.92	9.74
Columbus	6.26	6.36	6.43	6.57	6.72	6.89	7.07	7.24	7.40	7.57	7.73	7.91	8.03	7.98	7.85
Denver	6.37	6.47	6.57	6.69	6.82	6.97	7.12	7.23	7.32	7.40	7.54	7.65	7.75	7.73	7.69
Detroit	8.59	8.69	8.80	8.90	9.02	9.20	9.42	9.60	9.74	9.91	10.02	10.15	10.12	10.01	9.85
Houston	7.96	8.03	8.05	8.12	8.17	8.20	8.30	8.42	8.52	8.59	8.69	8.86	9.04	8.98	8.96
Kansas City	4.66	4.70	4.88	5.07	5.13	5.18	5.24	5.31	5.37	5.35	5.40	5.48	5.60	5.63	5.60
Los Angeles	9.58	9.75	9.87	10.02	10.19	10.30	10.38	10.40	10.47	10.58	10.70	10.81	10.88	10.86	10.89
Milwaukee	8.35	8.35	8.31	8.35	8.42	8.52	8.59	8.86	9.03	9.15	9.22	9.26	9.27	9.25	9.26
Minneapolis	6.46	6.48	6.47	6.56	6.68	6.82	6.96	7.09	7.23	7.32	7.37	7.40	7.39	7.46	7.41
New Orleans	6.07	5.98	5.91	5.90	5.93	6.02	6.13	6.26	6.43	6.63	6.82	6.98	7.13	7.07	7.04
New York	12.12	12.10	12.12	12.30	12.45	12.65	12.75	12.82	12.93	12.99	12.98	13.00	12.99	12.92	13.01
Omaha	6.26	6.25	6.30	6.30	6.31	6.36	6.46	6.54	6.64	6.65	6.62	6.58	6.58	6.50	6.42
Philadelphia	6.14	6.23	6.26	6.34	6.42	6.51	6.63	6.73	6.85	6.95	7.05	7.13	7.13	7.11	7.14
Pittsburgh	7.65	7.79	7.92	8.07	8.24	8.41	8.63	8.81	8.97	9.04	9.14	9.25	9.29	9.29	9.33
Richmond	7.09	7.18	7.21	7.23	7.27	7.35	7.48	7.66	7.80	7.95	8.09	8.15	8.15	8.29	8.25
Saint Louis	6.86	6.88	6.88	6.92	6.98	7.09	7.20	7.26	7.36	7.45	7.53	7.58	7.59	7.60	7.64
Salt Lake City	5.86	5.93	6.02	6.08	6.15	6.21	6.30	6.37	6.46	6.57	6.70	6.82	6.92	6.92	6.91
San Francisco	7.84	8.02	8.19	8.35	8.48	8.60	8.73	8.85	8.96	9.04	9.17	9.31	9.41	9.50	9.52
Seattle	5.65	5.78	5.90	5.98	6.07	6.17	6.28	6.42	6.52	6.61	6.66	6.70	6.72	6.85	6.94
Tulsa	7.13	7.13	7.15	7.20	7.25	7.37	7.46	7.60	7.76	7.92	8.12	8.25	8.37	8.40	8.24
National Index	10.48	10.59	10.67	10.75	10.80	10.83	10.91	11.00	11.07	11.17	11.28	11.40	11.49	11.58	11.58
Atlanta	10.06	10.10	10.09	10.06	10.04	10.04	10.03	10.04	10.09	10.20	10.30	10.37	10.40	10.45	10.52
Baltimore	10.61	10.60	10.59	10.54	10.50	10.47	10.43	10.40	10.38	10.41	10.47	10.52	10.52	10.57	10.52
Birmingham	8.61	8.68	8.70	8.69	8.68	8.66	8.65	8.69	8.75	8.85	8.92	9.03	9.14	9.26	9.33
Boston	12.15	12.29	12.40	12.53	12.69	12.80	12.98	13.11	13.22	13.35	13.50	13.65	13.91	14.20	14.35
Chicago	11.63	11.76	11.87	11.95	12.02	12.00	12.01	12.04	12.18	12.30	12.38	12.43	12.46	12.60	12.81
Cincinnati	11.75	11.77	11.76	11.80	11.89	11.96	12.11	12.23	12.31	12.45	12.52	12.60	12.67	12.68	12.73
Cleveland	10.65	10.85	10.99	11.09	11.19	11.35	11.50	11.70	11.89	12.08	12.25	12.33	12.30	12.42	12.50
Columbus	9.99	10.19	10.38	10.51	10.60	10.69	10.80	10.92	11.08	11.29	11.41	11.46	11.46	11.45	11.45
Denver	10.86	11.04	11.21	11.33	11.45	11.50	11.61	11.70	11.79	11.99	12.25	12.58	12.83	12.86	12.89
Detroit	10.51	10.63	10.73	10.85	10.97	11.10	11.21	11.38	11.55	11.63	11.76	11.85	11.91	11.96	12.00
Houston	8.98	9.14	9.30	9.47	9.58	9.71	9.86	10.00	10.09	10.21	10.30	10.29	10.27	10.37	10.37
Kansas City	6.14	6.40	6.65	6.90	6.92	6.92	6.91	6.90	6.88	6.90	6.95	7.03	7.09	7.04	6.98
Los Angeles	11.90	12.00	12.19	12.31	12.42	12.47	12.53	12.62	12.81	13.01	13.24	13.42	13.59	13.71	13.77
Milwaukee	9.47	9.52	9.62	9.75	9.86	9.98	10.12	10.26	10.35	10.49	10.59	10.65	10.70	10.72	10.77
Minneapolis	8.43	8.99	9.03	9.10	9.19	9.30	9.40	9.53	9.60	9.64	9.65	9.68	9.68	9.80	9.84
New Orleans	8.32	8.33	8.27	8.28	8.34	8.40	8.48	8.54	8.57	8.68	8.80	8.96	9.15	9.20	9.08
New York	18.01	18.10	18.20	18.25	18.26	18.29	18.38	18.50	18.59	18.70	18.83	18.95	18.98	19.00	18.87
Omaha	10.27	10.30	10.40	10.43	10.43	10.37	10.35	10.35	10.34	10.35	10.40	10.48	10.61	10.62	10.52
Philadelphia	13.50	13.65	13.85	13.96	14.05	14.06	14.00	14.00	13.99	14.00	14.10	14.14	14.18	14.22	14.27
Pittsburgh	9.75	9.80	9.91	10.10	10.31	10.51	10.72	10.92	11.14	11.34	11.60	11.76	11.88	11.90	11.98
Richmond	10.25	10.33	10.42	10.48	10.46	10.46	10.48	10.53	10.59	10.69	10.75	10.88	10.92	10.90	10.97
Saint Louis	9.76	9.86	9.91	9.92	9.97	10.01	10.01	10.00	9.98	10.01	10.08	10.13	10.24	10.35	10.41
Salt Lake City	9.23	9.30	9.35	9.42	9.53	9.62	9.73	9.80	9.90	9.98	10.12	10.24	10.35	10.36	10.33
San Francisco	11.22	11.41	11.58	11.84	12.01	12.20	12.30	12.39	12.45	12.55	12.68	12.80	12.89	12.96	13.02
Seattle	10.28	10.32	10.39	10.42	10.50	10.52	10.60	10.65	10.61	10.60	10.61	10.61	10.81	10.89	11.00

*Preliminary

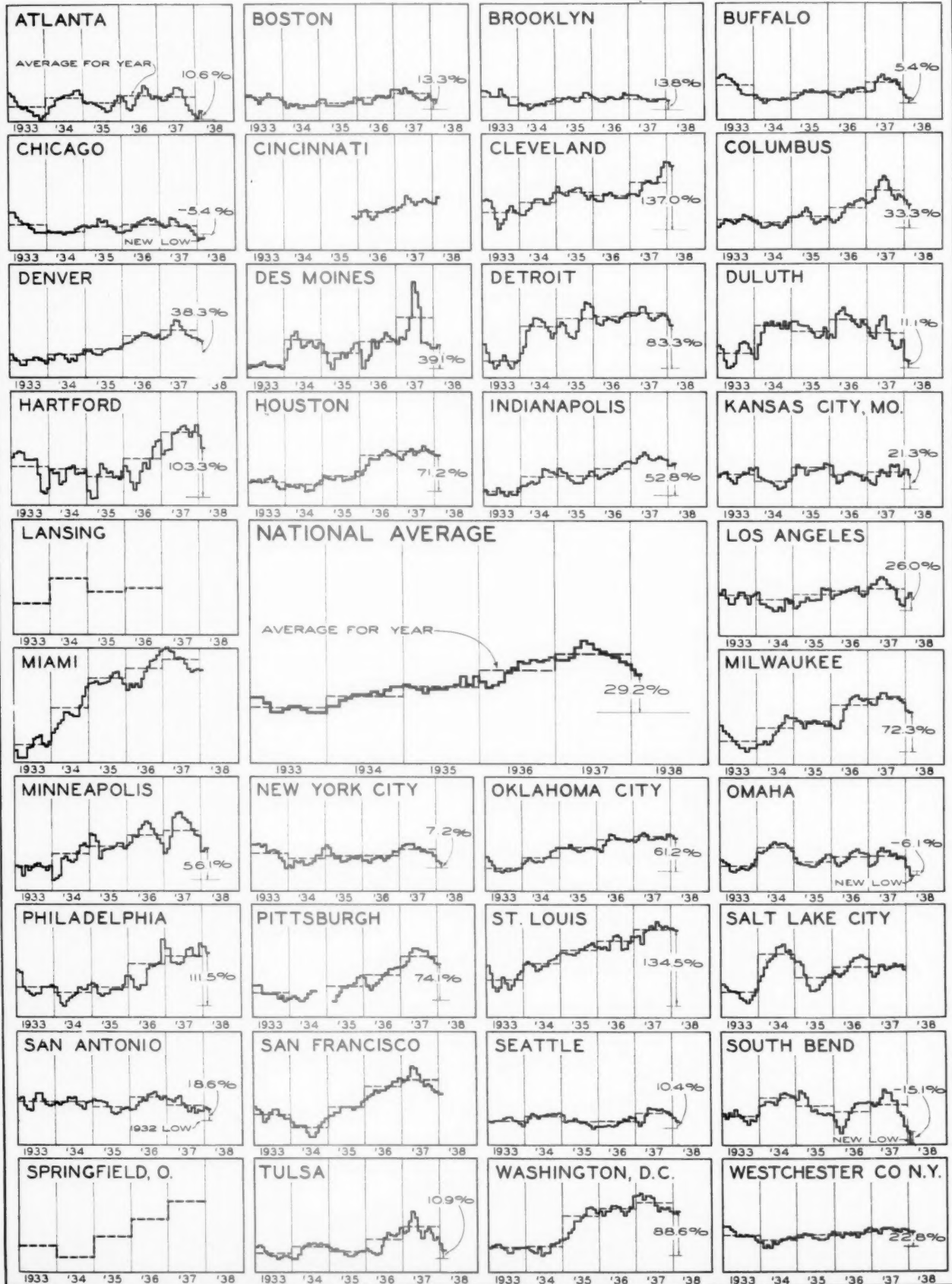
RESIDENTIAL RENTS IN TYPICAL CITIES

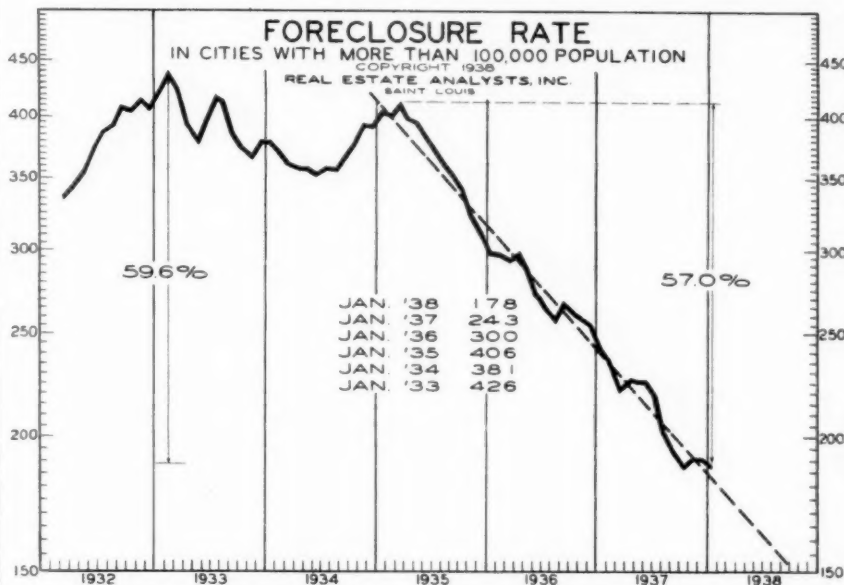


REAL ESTATE TRANSFERS IN PRINCIPAL CITIES

1933 TO 1938

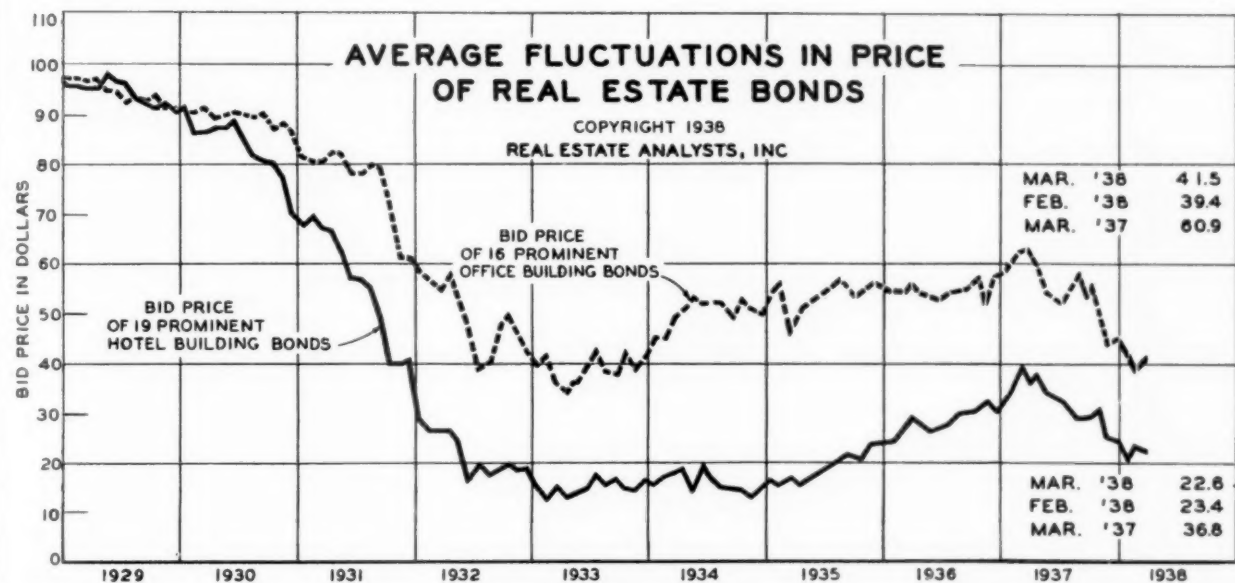
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THE chart to the left shows the monthly fluctuations in the foreclosure rate in cities having more than 100,000 population. This chart is corrected for seasonal fluctuation and is based on the compilations made by the HOLC. The dashed line shows the trend at which foreclosures have been dropping for the past three years. The figure for January, which is the last figure available, showed a continuation of

the downward trend. It is 26.7% below the level of a year ago, 57.0% below the peak of 1935, and 59.6% below the all-time peak of 1933.



THE chart above shows the average fluctuations in the bid prices of office and hotel building bonds. The trend of both office building and hotel building bonds has been downward during most of 1937 and the beginning of 1938. The buildings used are only those on which quotations can be secured monthly. The office building list includes the following: Broadway Motors, Bryant Park, Bush Terminal, Carbide and Carbon, Chesebrough, Chrysler, Cleveland Terminal, Equitable (N.Y.), Graybar, Grant, Liggett, One LaSalle Street, Postum, Textile, Wanamaker (Phila.), Woodbridge. The hotel list includes the following: Bowman-Biltmore, Eastern Ambassador Hotel, Eppley Hotels, George Washington Hotels, Hotel Lexington, Hotel Sherman, Hotel St. George, LaSalle Hotel, Lord Baltimore, National Hotel of Cuba, Palace Hotel (San Francisco), Park Central Hotel, Pitts Hotel, Savoy-Plaza, Sevilla-Biltmore, Sherry-Netherland, Stevens Hotel, Waldorf-Astoria.